



**California Public Employees' Retirement System**  
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The Honorable Sheldon Whitehouse  
United States Senate  
Hart Senate Office Bldg., Room 530  
Washington, DC 20510

July 15, 2019

**Subject: Economic Risks of Climate Change**

Dear Senator Whitehouse,

Thank you for your June 26 letter regarding economic risks posed by climate change. On behalf of the California Public Employees' Retirement System (CalPERS), I can assure you that we share your beliefs as expressed in the letter. Indeed, it is incumbent upon us to do all that we can to prepare for and mitigate the risks brought on by climate change.

As the largest public pension fund in the United States, we manage approximately \$372 billion in global assets on behalf of more than 1.9 million public employees, retirees, and beneficiaries. As a global, institutional investor with a long-term investment horizon, we understand the importance of long-term value creation. We believe our fiduciary duty requires effective management of environmental risks and opportunities.

For these reasons, our Investment Beliefs encourage the practice of engaging with companies and external managers regarding their environmental practices, including as they relate to climate change. Likewise, our Investment Beliefs call on us to consider risk factors like climate change and natural resource availability, both issues that have emerged over long time periods but that are already having a material impact on company and portfolio returns.

In addition, we advocate for investor access to more decision-useful information about climate risks and other sustainability matters because such disclosures are necessary to protect shareowners over the long-term. For example, we play a leading role in developing strategies and implementing initiatives of Climate Action 100+, an investor initiative whose goal is to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. We are leading engagements on 21 portfolio companies globally and we filed or co-filed climate risk proposals at three companies during the 2019 proxy season.

Our Strategic Plan supports a reporting regime that would address issues that impact shareowner value. Our Beliefs and Strategic Plan have guided us to work with partners and advocate for policies that address climate change, as well as board diversity, improvements in human capital management, and governance issues such as majority voting.

Thank you again for your interest in our corporate engagement strategy relative to the economic risks of climate change. If you have any questions or wish to engage further on this issue, please contact Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565.

Sincerely,

Henry Jones, President  
Board of Administration

cc: Marcie Frost  
Danny Brown